

COMMONWEALTH OF MASSACHUSETTS  
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

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Petition of Boston Edison Company, Cambridge Electric	)	
Light Company and Commonwealth Electric Company	)	
d/b/a NSTAR Electric pursuant to G.L. c. 164 § 94	)	D.T.E. 03-100
and 220 C.M.R. §§ 5 <i>et seq.</i> for approval of a new	)	
renewable power supply offering	)	

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DIRECT TESTIMONY OF  
LARRY CHRETIEN  
ON BEHALF OF  
MASSACHUSETTS ENERGY CONSUMERS ALLIANCE  
AND THE CAPE LIGHT COMPACT

1   **Q: State your name, occupation and business address.**

2   A: I am Larry Chretien, executive director of the Massachusetts Energy Consumers  
3       Alliance, Inc., (“Mass Energy”), 670 Centre Street, Boston, MA 02130.

4

5   **Q: Summarize your professional education and experience.**

6   A: I received a BS degree in resource management from the State University of New  
7       York College of Environmental Science and Forestry in affiliation with Syracuse  
8       University in 1983, and a MS degree in economic policy from Northeastern  
9       University in 1989.

10

11       I have worked in and around the field of energy for twenty years, first, as a  
12       legislative aide in the Massachusetts House of Representatives from 1984 to 1988.  
13       In those years, I worked on such issues as solar tax credits and consumer

1 representation in electric utility cases. From 1992-1999, I ran energy programs for  
2 Quincy Community Action Programs, Inc., an anti-poverty organization. Since  
3 October 1999, I have been the executive director of Mass Energy, a nonprofit  
4 corporation with a dual mission of promoting affordable and environmentally  
5 sustainable energy. So, I have spent years educating consumers about energy and  
6 learning about what motivates their behavior.

7

8 A copy of my professional resume is attached hereto as Exhibit LC-1.

9

10 **Q: Have you testified previously in utility proceedings?**

11 A: In public hearings, but not in evidentiary proceedings.

12

13 **Q: Have you testified previously before this Department?**

14 A: In public hearings, but not in evidentiary proceedings.

15

16 **Q: On whose behalf are you testifying?**

17 A: I am testifying on behalf of Mass Energy and the Cape Light Compact  
18 (“Compact”), intervenors in this docket

19

20 **Q: What is the purpose of your testimony?**

21 A: To encourage the establishment of a program that would give NSTAR customers a  
22 meaningful opportunity to increase the percentage of renewable energy in our  
23 electricity mix.

1   **Q: Please describe Mass Energy’s activities, particularly insofar as green**  
2   **electricity and renewable energy products are concerned.**

3   A: Mass Energy is a nonprofit organization with a dual mission of making energy  
4   affordable and environmentally sustainable. We have operated a buying group for  
5   heating oil customers for 21 years and have been looking for ways to support  
6   renewable energy all along. In 1998, with no public support, we became resellers  
7   of AllEnergy’s product, ReGen, which was 99% landfill gas and 1% solar. Because  
8   it was sold separately from the utility bill, it is what is usually referred to as a “tag  
9   product.” While the product was good, it had limited appeal, primarily because it  
10   was a tag product sold separately from the utility bill. The fact that it had less than  
11   1% solar and no wind was also a problem. Market data from around the country  
12   shows that tags are harder to sell than “block-based” products sold through utility  
13   bills and much less successful than usage-based products through utility bills.  
14   Access to the bill is the key.

15  
16   In 2000, we first began receiving funding from the United States Department of  
17   Energy’s Million Solar Roofs Initiative to begin “Solar Boston” (see  
18   [www.solarboston.org](http://www.solarboston.org)). That has given us a great opportunity to identify barriers to  
19   solar energy and to explore the best ways to leverage consumer demand for solar  
20   energy as a distributed generation resource and as a source that can be incorporated  
21   into a green electricity product. We have identified and paid a lot of attention to the  
22   best solar energy programs in the country – those operated by distribution  
23   companies and others.

1 In 2001, Mass Energy received funding from the Massachusetts Technology  
2 Collaborative (“MTC”) and the John Merck Fund, to develop a green power  
3 consumer aggregation plan, the purpose of which was to establish a framework  
4 under which consumers could voluntarily purchase renewable energy in such a way  
5 as to have a meaningful impact on the region’s electricity mix. In doing so, we  
6 worked and are continuing to closely coordinate with many Massachusetts  
7 environmental organizations and communities in NSTAR’s service territory: the  
8 Town of Brookline’s Moderator’s Committee, the City of Boston Public Health  
9 Commission, City of Cambridge, Clean Water Action, Coalition on Environment  
10 and Jewish Life, Environmental League of Massachusetts, HealthLink, Mass.  
11 Audubon Society, Mass. Climate Action Network, MASSPIRG, City of Newton,  
12 Newton Green Decade Coalition, Sierra Club – Mass. Chapter, New Ecology Inc.,  
13 Salem Alliance for the Environment, Somerville Climate Action, Toxics Action  
14 Center/Mass. Citizens for Safe Energy, and the Tufts Climate Initiative, among  
15 others.

16  
17 **Q: What are some of the results of your work, particularly as regarding**  
18 **development of a consumer aggregation plan and interacting with NSTAR?**

19 A: Actually, in December 2000, before we received MTC funding, we presented  
20 several NSTAR executives, including its chief operating officer, with a proposal in  
21 which it would provide consumers with a green pricing option. So when we  
22 received funding from MTC, we proceeded on the assumption that we would have  
23 to aggregate consumers ourselves and bring their load to a competitive supplier.

1        However, throughout 2002, we were unable to find any competitive suppliers  
2        willing to serve the residential market in this state. We did an RFP and presented  
3        our findings to MTC. According to the potential suppliers, there were several  
4        impediments, primarily the below market Standard Offer, but also a lack of  
5        awareness from consumers that they could have a choice, particularly with respect  
6        to renewable energy.

7  
8        Given the lack of supplier interest, in late 2002, we approached MTC and asked  
9        them to continue supporting us, but as a competitive supplier of green electricity  
10       ourselves. In early January 2003, MTC indicated to us that we would have its  
11       support. But a couple of weeks later, National Grid announced its plans to offer its  
12       customers the opportunity to purchase green power by choosing among several  
13       renewable energy suppliers. National Grid's intervention in the marketplace was  
14       sufficient to cause us to change our approach and become a supplier in the GreenUp  
15       program, offering certificates to consumers on National Grid's Standard Offer and  
16       Default Service. The program began in October 2003.

17

18    **Q: Mass Energy is not the only supplier in that program, correct?**

19    A. Yes, there are four suppliers in the National Grid program, offering a total of seven  
20       products.

21

22    **Q: Could you briefly describe Mass Energy's product and those of your**  
23       **competitors?**

1 A. Our basic product is New England Green Start 100%, which is 10.5% wind, 0.5%  
2 solar, at least 19% biomass, and no more than 70% small hydro. That product  
3 covers 100% of a consumer's electricity usage and has a minimum content of RPS-  
4 eligible resources of 30%. We also offer a 50% product. Our competitors offer  
5 products that vary from 50% to 100% of usage, with varying percentages of new  
6 and existing types of resources.

7  
8 **Q: How did you decide on what to offer as Mass Energy's product?**

9 A. Since 2001, we have been working with environmental groups to assemble a  
10 product that balances several environmental concerns within a constraint of being  
11 affordable to consumers, most of whom have never been asked to pay a premium  
12 for electricity. My staff did a huge amount of market research, looking at programs  
13 throughout the country, data provided to us by MTC and our own focus groups. We  
14 also learned from over three years of selling ReGen and promoting solar energy  
15 through a Department of Energy grant. (It is important to note that my staff is very  
16 well qualified to work in this field. I think anyone at MTC, DOER, DOE, and in  
17 the industry would attest to that.) They have put in thousands of hours on this  
18 project, and we have been supported by expert consultants, board members, and our  
19 allies in the environmental groups and communities around Greater Boston.  
20 Together, we have come up with product principles and a vision.

21  
22 In general, based upon all that work, we want to offer as much wind as we can  
23 secure and as much solar as we can afford without costing consumers too much.

1 Biomass and small hydro will make up the difference. Over time, we will increase  
2 the percentage of wind and decrease the percentages of biomass and small hydro.  
3 And our price will come down because we are entering into multi-year contracts for  
4 certificates from new projects at prices that are better than today's. As one would  
5 expect, generators need as much certainty as possible in order to get financing or to  
6 build on speculation. Building on speculation is quite rare, but in both cases, the  
7 longer the commitment, the better price per kWh we can get. Already, we are  
8 buying high-quality certificates at a much lower price than what NSTAR seems to  
9 be willing to pay for the certificates it found through its RFP. Going forward, we  
10 will pay even less for the RECs from some projects that are going to come on line  
11 in 2005 or so.

12

13 **Q: How does the Mass Energy product compare to NSTAR Green?**

14 A. First, it has 30% new renewable resources. Second, our resources are all from New  
15 England. I believe NSTAR wants to buy its wind from New York. It is our goal to  
16 buy RECs from Massachusetts if possible, but certainly New England. We're  
17 proud to be buying our wind from Hull, for example. I think that having Hull in the  
18 mix is important for substantive reasons, but it also makes consumer education  
19 much more exciting and real. Third, our disclosure label will show emissions that  
20 are much closer to zero than NSTAR's – particularly if NSTAR includes biomass  
21 RECs that are not from landfill gas. Fourth, we are green-e certified and that will  
22 be important to at least some consumers, if not to policymakers. Fifth, as I said, our

1 product is on a path to becoming windier and cheaper over time because we will be  
2 able to bring in new wind at lower cost over time.

3

4 **Q: Your organization has stated its opposition to NSTAR's proposal. Why**  
5 **doesn't Mass Energy just compete?**

6 A. The playing field would be far from level. First of all, with National Grid's  
7 program, customers who choose our product get one bill that combines their  
8 electricity purchase from Grid with our certificate-based product. NSTAR is not  
9 offering to allow competitors access to their bill. Second, it is proposing to hide a  
10 lot of the true costs of service in various places so that participating consumers  
11 would not pay the full freight. Together, these are barriers to entry for us and other  
12 suppliers. We see the NSTAR Green proposal as being unfair and anti-competitive.  
13 Obviously, if there were no suppliers offering renewable energy before NSTAR  
14 Green, there will be none coming forward if NSTAR is allowed to run its own  
15 program with a monopoly on access to the bill.

16

17 **Q: If Mass Energy is primarily concerned with having a competitive marketplace,**  
18 **why in 2000 did you ask NSTAR to offer a green power program?**

19 A. We want consumers to have the opportunity to spend their money in such a way as  
20 to have choice and knowledge that their dollars are actually going to be spent for  
21 the purpose of changing our electricity mix. We know that there are hundreds of  
22 green pricing programs offered by utilities throughout the country and many of  
23 them are good. In December 2000, seeing no suppliers willing to serve the



1 residential market for green or brown power, we approached NSTAR with a group  
2 from Boston Edison's core communities and our partners in Solar Boston. NSTAR  
3 said it was not interested. So we looked to MTC's consumer aggregation program  
4 and we kept looking for suppliers and eventually decided to become one ourselves.  
5 In January 2003 and for several months thereafter, we asked NSTAR to come forth  
6 with their own plan so that it could be publicly compared to Grid's before either one  
7 was adopted. Now, as we see the facts behind NSTAR Green, we think that it  
8 would be a step in the wrong direction.

9

10 **Q: Please explain.**

11 A. First, NSTAR is not making a multi-year commitment to renewable energy or being  
12 clear about how it would finance the program. Second, it is making a half-hearted  
13 commitment to purchasing certificates and marketing. When it made its filing in  
14 this docket, NSTAR said that it would provide consumers with a 25% new  
15 renewable product, with 5% coming from wind and solar. We told it that those  
16 numbers were going to be impossible to achieve, based upon what we knew to be  
17 true in terms of available supply. We said that on more than one occasion,  
18 including a September 2003 meeting attended by representatives of Mass Energy,  
19 NSTAR, the Compact, Gerry Bingham of DOER, Fran Cummings of MTC, Bill  
20 White of EPA, and others. We also stated that they were not going to have success  
21 by shopping only in the spot market and by asking brokers and marketers instead of  
22 generators, that they would be better served by making multi-year commitments to  
23 generators." Now we find out that it can only serve 800 customers with a product

1           that is 3% wind and solar, with resources that are not even from New England.

2           Furthermore, there is nothing in NSTAR's filing that indicates it wants to be held to

3           any standards of accountability regarding its product claims.

4

5   **Q:   What do you mean by standards of accountability regarding its product**  
6   **claims?**

7   A.   NSTAR's filing does not seem to obligate it to anything other than offering some

8           certificates to some unknown number of customers. The content will be determined

9           later. The price will be determined later. And there will be no third party

10          verification provided by a government agency or by the Center for Resource

11          Solutions' Green-E program. Most of us in the green power movement believe that

12          consumers will be more likely to choose green electricity if they can be confident

13          that the product is *bona fide* --- that the product meets minimum standards, there is

14          no double counting of certificates, and so on.

15

16          It is possible for a government agency to guarantee all that. Green-E is a national,

17          privately run program that also serves that purpose. All of the suppliers in the Grid

18          program are Green-E certified. According to Green-E, NSTAR Green would be

19          ineligible for certification. NSTAR should have known that before it filed. Perhaps

20          it did, because it was not committing to Green-E certification.

21

22   **Q:   What is so good about National Grid's program?**

1 A. Most of all, consumers have several choices. Further, the suppliers in those  
2 programs all want to be in the market for the long haul.

3

4 **Q: Are people signing up?**

5 A. According to National Grid, there are about 2000 households in Massachusetts  
6 buying renewable energy through that program. I think it's fair to say that the  
7 program will soon have more than triple the amount of customers that NSTAR says  
8 it can serve.

9

10 **Q: Are you advocating a National Grid model for Massachusetts?**

11 A. I think we need a coherent statewide framework that is not confusing to consumers  
12 and that gives renewable energy suppliers geographic freedom and the opportunity  
13 to reach a decent scale sooner rather than later. Last January, in response to  
14 National Grid's proposed filing, we distributed a memo to stakeholders including  
15 DTE, DOER, MTC, environmental groups, National Grid, and NSTAR. Today, we  
16 continue to believe what we wrote then - that multiple suppliers will have greater  
17 success, and consumers will have more choices, if there are not walls built up  
18 between utility territories. That memo is attached and has appeared several times in  
19 NSTAR's response to information requests. See, e.g., NSTAR Response to  
20 CLC/MEC Information Request 1-3 (Supp) at 40, 397 and 600, and Exhibit LC-2.

21

22 For example, for 21 years my organization has been based in Boston and we have  
23 strong ties to communities in Greater Boston. But NSTAR would prevent us from

1 marketing meaningfully in those communities because we would not have access to  
2 the bill. Remember, we have sold tags outside of the bill, we have seen how there  
3 have been similar attempts around the country, and we know that tags are a viable  
4 product for the residential customer base. So, if we were geographically limited to  
5 the various pockets that make up Mass. Electric's non-contiguous territory, we  
6 would have to rule out several marketing channels that would otherwise make sense  
7 if we could serve Greater Boston or the state as a whole. On a per unit basis, this  
8 raises our costs and perpetuates the lack of awareness on the part of most  
9 consumers. As I said in my oral comments in the public hearing in this proceeding,  
10 I received an email from a Mass Energy heating oil member, a person who trusts  
11 what we do, living in Somerville, an NSTAR community. He was going to move to  
12 Western Massachusetts to either a Mass. Electric community or a Western Mass.  
13 Electric community. And he wanted to buy green power. I would like someone to  
14 explain why he should be denied the opportunity to have choices regardless of  
15 where he moves.

16  
17 **Q: You said that NSTAR is making a half-hearted attempt at purchasing**  
18 **certificates. Please explain.**

19 A. There are almost a million households in its territory and many experts would say  
20 that its territory has some of the best demographics anywhere for the green power  
21 market. We agree with that assessment and have documented that to MTC. To  
22 serve this customer base with wind and solar, you need to plan ahead and have a  
23 multi-year commitment. Last summer, we told NSTAR that its RFP for certificates

1 was too little and too late. As a result, it has come up short in quantity and is  
2 paying spot market prices, which are much higher than what it could have had if it  
3 had planned ahead and made even three-year commitments to generators.  
4 Furthermore, by only committing to a one-year purchase of certificates, it is not  
5 going to help stimulate new renewables because it will not contribute to long-term  
6 financing. It is simply going to bid up the price of 2004 certificates. NSTAR's  
7 customers would be better off if NSTAR focused on complying with the Renewable  
8 Portfolio Standard than keeping suppliers from serving customers in its service  
9 territory with better products than NSTAR Green.

10

11 **Q: When NSTAR put out its RFP for certificates, why didn't Mass Energy offer**  
12 **some of its certificates?**

13 A. We have made a multi-year commitment to the retail market. While we would like  
14 to serve NSTAR customers, we will focus on National Grid's customers at least  
15 until the Standard Offer expires. At that time, we hope to offer renewable energy  
16 statewide either on our own or in partnership with a supplier that is committed to  
17 giving residential consumers meaningful choices.

18

19 **Q: What is the worst thing that could happen if NSTAR Green is approved in its**  
20 **present form?**

21 A. We believe that the green power market will develop slowly but surely over time if:  
22 1. Suppliers are committed to the long-term and develop products with a long-term  
23 perspective;

- 1        2. There is a commitment to educate consumers about their options; and
- 2        3. Suppliers are held accountable.

3

4        Unfortunately, NSTAR's recipe in this docket is one that could poison the well.

5        Based upon what we have learned in discovery in this proceeding, NSTAR is not

6        going to put a good product forward, it would be the only product available to

7        NSTAR customers, no more than 800 customers will even be given a chance to buy

8        NSTAR Green in 2004, there are no plans beyond that, and there would be little, if

9        any, accountability. As a result, we think that the primary result is that

10       Massachusetts consumers will be turned off by the concept of green choice. This

11       even has implications for the Mass. Electric program. Picture the proverbial

12       cocktail party. People are telling each other about the green power products they

13       have heard about. They are going to have a hard time differentiating between two

14       products that both "sound" nice and are associated with their utility in some way. I

15       certainly do not want Mary in Medford to get the mistaken impression that the

16       NSTAR Green bought by Harry in Hyde Park is as good as New England Green

17       Start, because she could end up buying a weaker product or none at all. While it is

18       hard for suppliers to make inroads now, given that so many consumers are unaware

19       of renewable energy and the notion of consumer choice, it will be even harder if

20       and when consumers are left with a bad taste in their mouths. It is very important

21       that DTE understands that it cannot sanction a race to the bottom.

22

1   **Q: Is it possible for Mass Energy and NSTAR to cooperate in offering renewable**  
2       **energy to NSTAR customers?**

3   A: Yes. We're cooperating with National Grid, and there are examples throughout the  
4       country of community-based organizations and renewable energy marketers  
5       working with distribution companies. I think that by cooperating with entities like  
6       Mass Energy, the Cape Light Compact and the allies that we have in our efforts,  
7       that NSTAR could do a better job of satisfying its customers. If NSTAR can  
8       benefit from that, then we would be pleased.

9

10   **Q: Does this conclude your pre-filed direct testimony in this case?**

11   A: Yes, it does.





**EXHIBIT LC-1**

**PROFESSIONAL RESUME OF LARRY CHRETIEN**

**EXHIBIT LC-2**

**MASS ENERGY CONSUMERS ALLIANCE  
MEMORANDUM**